

Capital: Belgrade
Population: 10,825,900 (July 2004 est.)
GDP(current U.S. \$): \$22.3 billion (2004 est.)
Population below national poverty line: 30%
GDP per capita (purchasing power parity): \$2,085 (2004 est.)
Religion: Orthodox 65%, Muslim 19%, Roman Catholic 4%, Protestant 1%, other 11%
Language: Serbian
President of the State Union of Serbia and Montenegro: Svetozar Marovicv
President of the Republic of Serbia: Boris Tadic
Prime Minister of the Republic of Serbia: Vojislav Kostunica
President of the Republic of Montenegro: Filip Vujanovic
Prime Minister of the Republic of Montenegro: Milo Djukanović
Ambassador to U.S.: Ivan Vujačić



National Interest: SAM is crucial to the economic development of Southeast and Central Europe and to the political stability of Europe as a whole. As a social, political and geographic crossroad amid Western and Eastern Europe, Turkey, and Greece, SAM occupies a key geographic juncture in the Balkans. With a large population, a potential for strong economic growth, and an important geo-strategic location, Serbia and Montenegro's economic and democratic development remains central to the future prosperity and stability of the region. USAID's role is to focus on democratic and economic reform and conflict mitigation. USAID is developing a new strategy for Serbia and Montenegro which will be in place October 2005.

OVERVIEW OF USAID'S FOCUS IN SERBIA AND MONTENEGRO (SAM)

The U.S. Congress appropriates funding for the two republics separately.

FY05: Total SEED – Serbia: \$73.6 million, USAID Total: \$60.6 million

FY05: Total SEED – Montenegro: \$20 million, USAID Total: \$16.0 million

Republic of Serbia

Economic Policy and Finance (FY 05 \$20.1 million, 33%): The key elements of the program underway in the Republic of Serbia include: banking system stabilization and reform including enhanced bank supervision; tax policy and administrative reform; enterprise restructuring and privatization; competitiveness and economic efficiency; real estate market development; increased trade and market access; home equity and mortgage finance; and alternative finance and credit mobilization. USAID provides advisors on bank supervision, pension and insurance regulation, commercial law and judicial reform, and accounting reform. Working in concert with U.S. Treasury advisors who are focusing on budget preparation, tax, debt management, bank privatization, and efforts to combat financial crime, USAID provides assistance to economic think tanks in fiscal, banking, and trade policy, and is assisting introduction of the international accounting standards. USAID also provides support for WTO accession.

Civil Society, Labor, Media, Political Processes, Rule of Law, and Anti-trafficking (FY 05 \$6.547 million, 11%): The key elements of the programs underway include: strengthening civil society organizations to advocate for citizens' interests and to advance dialogue on key issues, such as truth and reconciliation, conflict resolution, and human rights; promoting the development of an engaged, advocacy-oriented, citizen-focused, and increasingly sustainable civil society sector through grants, regional and U.S.-based exchanges, and a volunteer mentor program; broadening public engagement, especially women and youth, in the reform process by promoting a critically-needed social dialogue between organized labor, company management, and government; providing technical assistance, training, and grants to independent journalists, print and electronic media ensuring that a vibrant and professional independent media is equipped to deliver objective and informative programming; bolstering reform-minded political parties and civil society organizations; rebuilding the rule of law in Serbia by strengthening the capacity of judiciary and the legal profession and also provides support to strengthen anti-trafficking laws and support for trafficked persons through return, reintegration and other services.

Community Revitalization through Democratic Action (CRDA) and Local Governance (FY 05 \$30.953 million, 51%): These resources are used to sustain democratic reform at the community level; building citizen participation and confidence in local authorities; advancing citizens' participation in political and economic decision-making; and strengthening the capacity of local governments. Specifically, civil society program works to revitalize grass-roots democracy, empower citizens to hold local government accountable and participate in the decision-making process that affects their lives through projects that involve civic participation activities, small-scale civil works, rehabilitation or construction (such as schools or clinics), income-generating activities, environmental improvement actions and reproductive health efforts. The local governance program provides training and technical assistance to municipal governments in an effort to make them more efficient, responsive and accountable. The assistance focuses on financial management, municipal services and utility management, and information management. Assistance is delivered through U.S. NGOs to hundreds of communities throughout Serbia.

Cross-cutting Programs (FY05 \$3.0 million, 5%)

Republic of Montenegro

Economic Policy Reform and Private Sector Development (FY 05 \$7.3 million, 45.6%): The program is designed to facilitate the Republic's transition to an open, democratic, ethnically diverse, market-driven economy. During the past year, USAID has assisted the Government of Montenegro (GOM) in developing a broad set of legal and institutional reforms designed to modernize the Montenegrin economy and institutions, and to facilitate the transition from a state-driven to a market-driven, transparent economy. Elements of the program include: overhaul of the tax regime, credit for small and medium enterprises; industrial restructuring and SME development; economic research and policy advocacy; development of business education programs for entrepreneurs; business consulting services to smaller businesses; and strengthening advocacy for reforms that improve the business environment through the Montenegro Business Alliance. In 2004 a shift from successful interventions in the macro-level institutions toward more direct emphasis on private sector development and competitiveness will take place. Private sector support is centered on the implementation of new legislation, and the systematic removal of barriers to doing business in Montenegro, and includes direct company support, both in technical assistance and in building trade associations active in advocacy.

Civil Society, Labor, Media, Political Processes, Rule of Law, and Anti-trafficking (FY 05 \$1.398 million, 8.7%): The key elements of the programs underway include: NGO organizational development and advocacy skills building; development of political party and parliamentary structures, education of trade unions through technical assistance and training; building constituencies for judicial, economic, and social reform priorities and conduct public education on legislative initiatives through core Montenegrin NGOs; technical assistance and training to strengthen legislative oversight and increase citizen participation in the Parliament; strengthening anti-trafficking laws and support for trafficked persons through return, reintegration and other services; technical assistance, training, and commodity support to core media partners, the Montenegrin Media Institute (MMI), to advance professional journalism, and the Union of Independent Electronic Media (UNEM), and assistance in the implementation of media reform legislation; technical expertise, training, and commodity assistance to improve the structure and operations of the judiciary, including the creation of the new Appellate and Administrative Courts, and the Administrative Office for the judiciary.

Community Revitalization through Democratic Action (CRDA) and Good Local Governance (FY 05 \$5.76 million, 36%): A variety of assistance is offered through U.S. NGOs to communities throughout Montenegro to increase citizen participation in political and economic decision-making in, among, and between communities and local government. Activities promote democratic governance and improve community and municipal social and economic infrastructure and services, improve environmental conditions and practices, and enhance local economic development. The Good Local Governance program reinforces participation and transparency in local government. The municipal governance program encourages engagement and transparency in the local government process. The goal is to improve the capacity of local governments in Montenegro to respond more effectively and efficiently to the increasing demands being placed on municipal services and infrastructure. The program includes the development and promulgation of a new legal framework for fiscal and democratic decentralization and devolution of authority and resources. It improves municipal financial management skills and practices, and develops a local government in-service training delivery system to insure sustainable implementation of enacted reforms.

Cross-cutting Programs (FY05 \$1.5 million, 9.3%)

USAID/SAM: Keith Simmons, Mission Director (Tel: 381 11 306 4675 , Fax: 381 11 361 8267)
Kneza Milosa 50, 11000 Belgrade, Serbia and Montenegro

USAID/Montenegro: Officer in Charge, Joe Taggert

USAID/Washington: Sarah W. Farnsworth 202-712-0825; C. Edward Dickens 202-712-1633 (Serbia and Montenegro Desk)

USAID/SAM website: <http://www.usaid.org.yu>